

Message Text

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PAGE 01 MANILA 04986 291823Z

51

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 COME-00 OMB-01 TRSE-00 OPIC-12

TAR-02 SIL-01 LAB-06 STR-08 FTC-01 L-03 H-03 CIAE-00

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3070

UNCLAS MANILA 4986

E.O. 11652: N/A

TAGS: EFIN, EGEN, RP

SUBJ: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: A. STATE 53993/1/2

B. MANILA A-111, 5/3/73

C. STATE A-1975, 3/6/73

1. THE NARRATIVE STATEMENT PREPARED LAST YEAR AND TRANSMITTED WITH REFERENCE B REMAINS CURRENT. WHILE BUSINESS ATTENTION IS VERY MUCH FOCUSED ON THE UPCOMING EXPIRATION OF THE LAUREL-LANGLEY AGREEMENT, CONCERNS ARE PRIMARILY DIRECTED TOWARDS ISSUES INVOLVING RESIDUAL RIGHTS OF EXISTING AMERICAN INVESTORS. UNLESS THERE SHOULD BE SIGNIFICANT UNEXPECTED DEVELOPMENTS, THE CLIMATE FOR US INVESTMENT WILL CONTINUE AS DESCRIBED.

2. WITH RESPECT TO INVESTMENT STATISTICS, THE PHILIPPINES IS INCLUDED AMONG THOSE COUNTRIES FOR WHICH DATA ON QUESTION A AND C HAVE BEEN PUBLISHED IN THE SURVEY OF CURRENT BUSINESS (REF C), AND IN ACCORDANCE WITH REF A, WE HAVE NOT PROVIDED DATA FOR THESE ITEMS.

3. RE QUESTION B, DIRECT INVESTMENT BY ALL COUNTRIES (BOOK VALUE) AT THE END OF 1972 IS ESTIMATED TO BE ESSENTIALLY UNCHANGED FROM THE LEVELS SET FORTH IN UNCLASSIFIED

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PAGE 02 MANILA 04986 291823Z

REF B. IN ANY EVENT, THERE ARE NO PUBLISHED FIGURES

FOR OVERALL DIRECT FOREIGN INVESTMENT. WITH REGARD TO EQUITY INVESTMENT REGISTERED WITH THE PHILIPPINE BOARD OF INVESTMENTS, PUBLISHED FIGURES SHOW THAT JUNE 30, 1973, EQUITY INVESTMENT IN APPROVED PROJECTS UNDER THE FOREIGN INVESTMENT ACT TOTALED ONLY \$23 MILLION, OF WHICH \$19 MILLION WAS US INVESTMENT (LOAN FINANCING FOR THESE APPROVED PROJECTS TOTALED \$644 MILLION). WHILE NOT BROKEN DOWN BY YEAR, THE INCREASE IN DIRECT INVESTMENT DURING 1972 OBVIOUSLY WAS LESS THAN \$23 MILLION AND STATISTICALLY INSIGNIFICANT WITH RESPECT TO INDIVIDUAL COUNTRY TOTALS. BECAUSE OF POOR BUSINESS CONDITIONS DURING 1972, THE EMBASSY ALSO ESTIMATES THAT REINVESTED EARNINGS DID NOT ADD SIGNIFICANTLY TO INVESTMENT TOTALS.

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